



NOTICE OF PUBLIC HEARING:

PROPOSED ADJUSTMENTS FOR SEWER SERVICE CHARGE

THE LEMON GROVE SANITATION DISTRICT ("District"), in compliance with Article XIID of the California State Constitution and the Proposition 218 Omnibus Implementation Act, hereby gives notice that a public hearing regarding proposed adjustments for sewer service charges will be held on **April 18, 2023, at 6:00 PM** at the Lemon Grove Community Center located at 3146 School Lane in the City of Lemon Grove. The Public Hearing will be for hearing public testimony and receiving written protests on the proposed sewer service charges. At the public hearing, the District may continue the hearing to a future date without further written notice.

The sewer service charge is an annual charge shown on your property tax bill or by direct mail for tax-exempt parcels. On June 1, 2021, the District Board adopted Ordinance No. 32, which established the annual sewer services charges for FY 2021/22. On June 7, 2022, the Board passed Resolution No. 2022-313 to extend the current sewer service charges for FY 2022/23. Any future rate adjustments require compliance with procedures outlined in Article XIID of the California Constitution.

A sewer rate study, "Five-Year Sanitation District Rate Study" ("Study"), was conducted on behalf of the District by Harris & Associates. The Study examined the District's cost of providing sewer services, the sufficiency of revenues generated from current sewer service charges, and the rate structures applied to sewer customers. The proposed adjustments to sewer service charges are based on the findings of the Study as presented to the District Board on January 17, 2023. The Study can be viewed at www.lemongrove.ca.gov/publicworks and is also on file and available for public review at the Lemon Grove Sanitation District, Office of the District Clerk, located at 3232 Main Street, Lemon Grove, CA 91945.

This notice includes the proposed schedule of annual sewer service charges for FY 2023/24 through FY 2027/28. Upon conclusion of the public hearing, the District Board will consider the proposed sewer service charges. If the proposed charges are adopted by the District Board, the charges will become effective July 1 of each fiscal year and the charges will be placed on customers' property tax bills or by direct mail for tax-exempt parcels. The proposed sewer service charges cannot exceed the charges adopted by the District Board without providing further written notice to property owners.

This notice provides information on (1) reasons for the sewer service charge adjustments, (2) how sewer service charges are calculated, (3) how customers can receive more information on the effect of the proposed sewer service charges on their sewer bills, and (4) how to file a protest of the proposed sewer service charge adjustments.

REASONS FOR PROPOSED SEWER SERVICE CHARGE ADJUSTMENTS

The District is proposing to adjust its sewer service charges. The District's sewer utility is intended to operate as a self-sustaining enterprise, with revenue collections sufficient to support the costs of ongoing operations, required improvements to the system, and repair and replacement of existing sewer system assets. To maintain the balance of annual revenues and expenditures, periodic adjustments to sewer service charges are required.

- The proposed sewer service charge adjustments were developed to help ensure the health and safety of the community and meet regulatory standards, while protecting the District's financial health and charging fair and reasonable rates to customers. The proposed sewer service charge adjustments as shown on **Table 3** would allow the District to meet the day-to-day operating costs of utility operations, fund an adequate level of capital investment, and maintain prudent cash reserves. Revenues derived from the District's sewer service charges will be used solely for the actual and necessary expenses of providing sewer service.
- In addition to the overall utility need for sewer service charge adjustments, the District is proposing to revise the current methodology used to calculate the charges for commercial customers. The revised method may result in an increase or decrease in sewer service charges for individual commercial properties depending upon each property's estimated volume of wastewater and constituent levels of sewage strength discharged into the sewer system.

Based on the evaluation of system costs and customer class characteristics for number of customers served and estimated volume and strength of wastewater discharge, the current sewer rate structure generates revenues in line with the costs to serve the residential customer class. No change to the current sewer rate structure, or sewer service charge, is proposed for residential customers for July 1, 2023 (FY 2023/24). Beginning July 1, 2024 (FY 2024/25), the sewer service charge for residential customers is proposed to be adjusted annually pursuant to the schedule shown on **Table 3**. The proposed change in methodology used to calculate sewer service charges for commercial customers will more closely align the charges to the proportionate cost of providing service to categories of commercial customers based on the respective volume and strength of wastewater discharge. This change in methodology will not increase the total revenue required to be collected for the utility in FY 2023/24 but will re-allocate sewer system cost recovery between classes of customers based on their service characteristics. Following the

restructuring of commercial sewer service charges effective July 1, 2023, the charges for commercial customers are proposed to be adjusted annually beginning July 1, 2024 (FY 2024/25) pursuant to the schedule shown on **Table 3**.

- Lastly, the District is proposing to implement sewer service charges applicable to vacant residential and commercial properties where sewer service is connected and “readily available” to serve the property. Currently, the District does not charge vacant parcels for sewer service. The proposed charges will recover a fair share of fixed costs incurred to operate and maintain the sewer system regardless of whether the property discharges wastewater into the system.

HOW SEWER SERVICE CHARGES ARE CALCULATED

CURRENT SEWER SERVICE CHARGES

The current annual sewer service charge is a Rate per EDU that is determined based upon the classification of type of property, as listed and determined by District Ordinance. Each property is assigned equivalent dwelling units (EDU) based upon such classification of property, and the number of assigned EDUs is multiplied by the Rate Per EDU to determine a property’s annual sewer service charge. Residential EDUs are based on the number of dwelling units. The current method of assignment of commercial EDUs is based on a variety of measures used to estimate the volume of wastewater discharge by type of business, such as building square footage, hotel/motel living units, number of pupils and number of seats. The current annual sewer service charge and assignments of EDUs per property classification are shown on **Table 1**.

TABLE 1: CURRENT SEWER SERVICE CHARGE (RATE PER EDU):		\$655.20
CLASSIFICATION		EDU
Residential		
Single Family (per dwelling unit)		1.00
Condominium (per dwelling unit)		1.00
Multi-Family (per dwelling unit)		1.00
Mobile Home (per dwelling unit)		1.00
Commercial/Industrial Facilities		
A. FOOD SERVICE ESTABLISHMENTS:		
1. Take-out restaurants with disposable utensils, no dishwasher, and no public restrooms		3.00
2. Miscellaneous food establishments - ice cream/yogurt shops, bakeries (sales on premises only)		3.00
3. (i) Take-out/eat in restaurants with disposable utensils, but with seating and public restrooms ¹		3.00
(ii) Restaurants with re-usable utensils, seating and public restrooms ¹		3.00
One EDU is assigned for each 6-seat unit as follows:		
0 -18 seats ¹		3.00
Each additional 6-seat unit		1.00
B. HOTELS AND MOTELS:		
1. Per living unit without kitchen		0.38
2. Per living unit with kitchen		0.60
C. COMMERCIAL, PROFESSIONAL, INDUSTRIAL BUILDINGS, ESTABLISHMENTS NOT SPECIFICALLY LISTED HEREIN:		
1. Any office, store, or industrial condominium or establishment. First 1,000 sq. ft.		1.20
Each additional 1,000 sq. ft., or portion thereof		0.70
2. Where occupancy type or usage is unknown at the time of application for service		
First 1,000 sq. ft. of gross building floor area		1.20
Each additional 1,000 sq. ft. gross building floor area, or portion thereof		0.70
D. SELF-SERVICE LAUNDRY PER WASHER		1.00
E. CHURCHES, THEATERS, AND AUDITORIUMS PER EACH 150 PERSON SEATING CAPACITY, OR PORTION THEREOF		1.50
F. SCHOOLS		
1. Elementary schools for 50 pupils or fewer		1.00
2. Junior High Schools for 40 pupils or fewer		1.00
3. High School for 24 pupils or fewer		1.00
Additional EDUs will be prorated based upon the above values		

¹ – Minimum EDU assignment is shown.

PROPOSED SEWER SERVICE CHARGES

The proposed sewer service charges are based on the findings of the Study. The Study included development of a five-year financial plan to determine the overall annual rate adjustments required to recover the full cost of providing sewer service; the allocation of total utility costs to the various classes of customers based on the relative demands placed on the sewer system; and the design of

sewer rate structures and resulting sewer service charges that produce adequate revenues to recover costs and take into consideration the costs to serve each customer class, State legal guidelines, and District policy goals.

Table 2 lists the types of properties included within the residential class and the proposed new commercial classifications for purposes of imposing the proposed sewer service charges shown on **Table 3**.

TABLE 2: PROPOSED CUSTOMER CLASSES AND WASTEWATER STRENGTH ASSIGNMENT			
Residential (No Change)	Commercial-Low	Commercial-Medium	Commercial-High
(<= 200 mg/l BOD & SS)	(<= 200 mg/l BOD & SS)	(201-400 mg/l BOD & SS)	(401-800+ mg/l BOD & SS)
Single Family	Basic commercial	Bars without dining	Auto steam cleaning
Condominium	Car wash	Commercial laundry	Bakery, wholesale
Multi-Family	Department/retail store	Hotel/motel without dining	Bars with dining
Mobile Home	Hospital/convalescent	Mixed use	Special manufacturing
	Laundromat	Shopping centers/theaters	Hotel/motel with dining
	Light manufacturing	Repair shop/service station	Industrial laundry
	Office building/storage		Supermarket/deli
	Medical/dental/veterinary		Mortuary
	School/college		Restaurant
			Septage hauler

1 – mg/l = milligrams per liter; BOD = biochemical oxygen demand; SS = suspended solids

2 – For commercial/industrial property types not listed in the table above, the Lemon Grove District Engineer will determine the appropriate classification.

The proposed sewer service charges for FY 2023/24 through FY 2027/28 are shown on **Table 3**. The proposed sewer service charges retain the current Rate per EDU structure for residential parcels, where the Rate per EDU is applied to number of dwelling units. **No change to the current sewer service charge is proposed for residential parcels for July 1, 2023 (FY 2023/24)**. Beginning July 1, 2024 (FY 2024/25), the sewer service charge for residential parcels will be adjusted annually pursuant to the schedule shown on **Table 3**.

The proposed sewer service charges for commercial/industrial customers revise the Rate per EDU methodology to include an annual base charge per parcel that includes recovery of customer-related costs and the first 675 cubic feet of metered water supplied per month (8,100 cubic feet on an annual basis), plus a volume charge per 100 hundred cubic feet (Hcf) of water over the amount of water included in the base charge. Three (3) classes of commercial properties (Low, Medium, and High) are proposed to recognize the constituent level of sewage strength discharged into the sewer system that is typically generated for the type of business. The base charge per account applies to all occupied commercial properties while the volume charge varies by each commercial class.

The proposed sewer service charges for vacant parcels connected to the sewer system include an annual fixed charge per dwelling unit for residential parcels and a fixed charge per account for commercial parcels to recover fixed utility costs incurred regardless of the actual volume or strength of wastewater discharge.

TABLE 3: PROPOSED SEWER SERVICE CHARGES BY PROPERTY CLASSIFICATION					
CLASSIFICATION	Maximum Annual Proposed Sewer Rates				
	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Proposed Sewer Rate Adjustment:	Varies for Commercial	3.00%	3.00%	3.00%	3.00%
Residential					
A. Occupied Residential - \$/dwelling unit	\$655.20	\$674.86	\$695.10	\$715.95	\$737.43
B. Vacant Residential - \$/dwelling unit	\$58.64	\$60.40	\$62.21	\$64.08	\$66.00
Commercial/Industrial Facilities					
A. Occupied Commercial					
1. Base Charge - \$/parcel (Includes first 675 cubic feet of water per month)	\$655.20	\$674.86	\$695.10	\$715.95	\$737.43
2. Volume Charge - \$/Hcf (over 675 cubic feet of water per month)					
Commercial-Low	\$7.04	\$7.26	\$7.47	\$7.70	\$7.93
Commercial-Medium	\$8.95	\$9.22	\$9.50	\$9.78	\$10.08
Commercial-High	\$13.18	\$13.57	\$13.98	\$14.40	\$14.83
B. Vacant Commercial - \$/account	\$80.23	\$82.64	\$85.12	\$87.67	\$90.30

1 – One cubic foot is equivalent to 7.48 gallons. 675 cubic feet is equivalent to 5,049 gallons. Hcf represents 100 cubic feet of water.

Individual commercial sewer bills for FY 2023/24 will be calculated based on each parcel’s FY 2020/21 actual bi-monthly metered water usage supplied by the Helix Water District. Sewer bills in subsequent fiscal years will be calculated based on each parcel’s actual bi-monthly metered water usage for the prior fiscal year.

The impact on individual commercial sewer bills for the first year of the restructured commercial sewer service charges (FY 2023/24) will vary, either up or down, depending on the type of property and actual metered water usage in comparison to each customer’s assigned EDU under the current rate methodology. During the remaining four years, the charges will incorporate the overall rate adjustments of 3.00% per year applied to the restructured commercial rates. Individual commercial customer bills will vary from year to year depending on their annual metered water usage.

Where metered water usage is unavailable for a parcel connected to the sewer system (and for parcels newly connected), the volume of sewer discharge for the parcel will be estimated to be the average volume of sewer discharge for parcels of the same commercial property classification.

HOW TO FIND OUT MORE ABOUT THE PROPOSED SEWER RATE ADJUSTMENTS

The Study can be viewed at www.lemongrove.ca.gov/publicworks and is also on file and available for public review at the Lemon Grove Sanitation District, Office of the District Clerk, located at 3232 Main Street, Lemon Grove, CA 91945. This notice can be viewed in additional languages at www.lemongrove.ca.gov/publicworks. To receive more information or for additional questions about the proposed sewer service charge adjustments, please contact the Public Works Director at (619) 825-3814 or via email at imurguia@lemongrove.ca.gov.

COMMENTS AND WRITTEN PROTEST

Any property owner that is a part of the District’s sewer service or customer that receives sewer services from the District, may submit a written protest to the proposed adjustments to the sewer service charges. Only one protest will be counted per identified parcel. Each protest must (1) be in writing; (2) state that the identified property owner is in opposition to the proposed sewer service charges; (3) provide the location of the identified parcels (by assessor’s parcel number or street address); and (4) include the original signature of the property owner submitting the protest.

Protests submitted by e-mail, facsimile, or other electronic means will not be accepted. Written protests may be submitted by mail to the District Clerk, or at the Public Hearing, so long as it is received prior to the conclusion of the Public Hearing. Please identify on the front of the envelope for any protest, whether mailed or submitted in-person to the District Clerk, that the enclosed letter is for the Public Hearing on the Proposed Sewer Service Charges.

Written protests will be tabulated pursuant to procedures adopted by the District Board. If, at the conclusion of the Public Hearing, written protests received regarding the proposed adjustments to the sewer service charges are not presented by a majority (50% plus 1) of the identified parcels upon which they are proposed to be imposed, the District Board will be authorized to adopt the proposed sewer service charges.

You are hereby notified, pursuant to Government Code, section 53759, that any judicial action or proceeding to attack, review, set aside, void, validate, or annul the City Council’s adoption of the proposed sewer rates or to challenge a new, increased, or extended sewer rate or charge must be commenced within 120 days of the effective date or of the date of the final passage, adoption, or approval of the ordinance or resolution adopting the sewer rates.

Prior to the Public Hearing, please mail or hand-deliver written protests to:	You may also hand-deliver written protests at the Public Hearing, to be held at:
Lemon Grove Sanitation District Office of the District Clerk RE: PUBLIC HEARING ON PROPOSED SEWER SERVICE CHARGES 3232 Main Street Lemon Grove, CA 91945	Lemon Grove Community Center April 18, 2023, at 6:00 PM 3146 School Lane Lemon Grove, CA 91945